



*A public/private health insurance initiative for working Texans*

# **Update on Healthy Texas Implementation**

Senate State Affairs Committee

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*Commissioner of Insurance*

# Background

- SB 10, passed by the 80<sup>th</sup> Legislature, directed TDI to study and develop recommendations for small employer health plan coverage
- TDI built evaluation on information gathered over 6-years of study from focus groups, surveys and regional health fairs attended by small employers and employees
- A Healthy Texas Phase 1 report made recommendations to Legislature in November 2008
- Healthy Texas program created by 81<sup>st</sup> Legislature

## Senate Bill 78

- With the enactment of SB 78, Healthy Texas was created:
  - Market-based program
  - Provides access to quality small employer plans at an affordable price
  - Maximizes the use of state funds through a public/private partnership approach building on managed care model proven in the private sector
  - Reduces insurers' exposure to high cost claims, lowering premium costs for enrollees
  - Provides tool for economic development

# Premium Stabilization Fund (PSF)

Annual Paid Claims per Enrollee	Participating Insurance Carrier or 3-Share*	Healthy Texas Premium Stabilization Fund
\$75,000+	100%	No reimbursement
\$5,000-75,000	20 %	80% reimbursement of <u>paid</u> claims within a calendar year
\$0-\$5,000	100% (after enrollee's deductible and coinsurance requirements met)	No reimbursement

**\*Note:** For the enrollee, a Healthy Texas plan operates like any private market health insurance plan. An enrollee is responsible for:

- 1) The deductible and coinsurance costs of their plan, up to the out-of-pocket maximum threshold; and
- 2) All copayments.

Healthy Texas reimbursement is made to participating insurance carriers or 3-Shares after the claims are paid.

# Small Employer Participation Requirements

- Texas small employers without insurance for past 12 months
- 30% of eligible employees must earn no more than 300% of federal poverty level
- 60% of “eligible employees” must enroll
- Must offer dependent coverage
- Employer must pay at least 50% of employee premium costs

## Other Program Features

- Provide comprehensive, prescribed benefits
- Use modified community rating
- Allow for TDI approval of premium rates and rating methodology

## Implementation Progress

- Received federal HRSA grant for additional program funding (almost \$5 million a year, 2009-2013)
- Engaged in extensive process of soliciting stakeholder feedback throughout summer and fall of 2009
- Published and awarded RFPs for actuarial services and health plan participation
- Published a request for application for 3-Share participation

## Current Status

- Participating carriers competitively procured:
  - Celtic Insurance
  - United Healthcare
- Published a request for application for 3-Share participation
- All applicable components of Federal Health Reform (FHR) have been incorporated into Healthy Texas
- Evaluation of on-going role of Healthy Texas in light of FHR is being conducted by Milliman
- Received HRSA grant funding through FY2011

## PSF Reimbursement

- Monthly submission of demographic and cost data is required
- By statute, Premium Stabilization Fund reimbursement is based on paid claims in a calendar year
- Participating carriers and 3-Shares will receive reimbursement two times each calendar year
- For eligible claims paid from 1/1 – 6/30 of each calendar year, carrier or 3-Share will submit a cost report and required documentation no later than 8/15. For eligible claims paid from 7/1 – 12/31, cost reports and documentation must be submitted no later than 2/15

# Outreach and Education

- Healthy Texas brochures developed in English and Spanish and distributed to small employers
- Healthy Texas website developed and launched:  
[www.healthytexasonline.com](http://www.healthytexasonline.com)
- TDI and Healthy Texas insurance carriers are working together to educate agents

## Healthy Texas Events

- Beginning this fall, TDI will hold events across Texas to educate small employers about Healthy Texas and how they can enroll
- In our Phase I outreach efforts, events are planned in:
  - Austin
  - San Antonio
  - Dallas
  - Fort Worth
  - Corpus Christi
  - El Paso
  - Houston
  - Amarillo
  - Brownsville
  - Lubbock
- As the program continues, more educational events will be planned

## Next Steps

- Continue with implementation and enrollment
- Between now and the full implementation of Federal Health Reform in 2014, there is a clear and demonstrated need for Healthy Texas – a Texas-specific program created to address the concerns of Texas small employers
- Make 1<sup>st</sup> payout from Premium Stabilization Fund next spring
- Publish Marketing and PSF Fund Administrator RFPs in November